

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 769 - Mental Health Insurance Parity (LSB 1682 HV)

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Fiscal Note Version - New

Description

Senate File 382 amends Section 135H.3, Code of Iowa, to provide that children requiring treatment for mental illness, and meeting Medical Assistance Program criteria for admission to a Psychiatric Medical Institution for Children (PMIC), are eligible to receive third-party health insurance coverage payment for inpatient treatment. The Bill also creates a new Section 514C.23, Code of Iowa, titled Mental Illness Treatment Coverage, to provide benefit coverage for treatment for mental illness in health care plans, policies or contracts of small employers as defined in Section 513B.2, Code of Iowa, or if the plan is established by Chapter 509A, Code of Iowa, for public employees.

The Bill also requires the Insurance Division Commissioner to adopt rules that define mental illness consistent with the most recent American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders. The Bill applies to third-party payment provider contracts or policies and public employer plans delivered, issued or renewed in Iowa on or after January 1, 2008. Section 514C.22, Code of Iowa, concerning coverage for biologically based mental illness, is repealed effective January 1, 2008.

Assumptions

- Insurance coverage is not currently provided for inpatient treatments to any PMIC in the State of Iowa employee group plans.
- Inpatient admissions could increase by a range of 10.0% to 25.0%.
- Outpatient visits could increase by a range of 25.0% to 100.0%.
- Insurance payments for inpatient admissions range from \$360.00 to \$400.00 per day.
- Length of stay in the hospital as currently defined for State employee benefits range from 30-60 days.

Fiscal Impact

House File 789 is estimated to increase healthcare costs for State of Iowa employee groups by a range of 0.5% to 2.5% or \$1.0 million to \$4.5 million. The fiscal impact to the General Fund is not known, however, as the estimated healthcare cost increases may require higher deductibles and higher premiums costs for employees.

Sources

Wellmark Blue Cross Blue Shield of Iowa
Department of Human Services

/s/ Holly M. Lyons

March 19, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
